



CaliforniaAffordableHousingAgency

Housing Authorities 101

California Affordable Housing Agency

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Historical Information

Public House Program (PH)

1935 First federal public housing project

- ▶ Techwood Homes, Atlanta

1937 Start of federal public housing program:

- ▶ Started with the Federal Housing Act of 1937
- ▶ (42 U.S.C. 1437 et sez.) (Part of New Deal)

- intended to be a jobs program;
- slum cleaning effort;
- resulted in segregated housing complex;
- this Act initiated the funding for construction

of public housing



1949 Housing Act reauthorizes the 1937 Act and expands construction of public housing

*Leads to creation of local California housing authorities

*Federal funds provided to local PHAs

- ▶ build local housing authority main office,
- ▶ build public housing units,
- ▶ creation of over 3,000 public housing authorities nationwide
- ▶ segregated public housing continued until 1970's and 1980's

1955 President Eisenhower ended the policy that black and white communities should receive equal quality housing...quality differences continued

- ▶ segregated public housing persisted throughout the 60's and 70's
- ▶ Fair Housing Act of 1968 provided that public housing would no longer be a tool for advancing segregation.

1965 Congress established the Department of Housing and Urban Development (HUD)

- ▶ Formerly known as U.S. Department of Urban Development
- ▶ Creates Section 23 leased housing program
 - certificates issued to qualifying tenants
 - created to increase flexibility in providing housing
 - limited number of years for certificates
 - first use of privately owned properties

1968 **Federal Fair Housing Act passed**

- ▶ Public housing would no longer be a tool for advancing segregation

1974 President Nixon places a moratorium on housing spending to build more public housing units

*Section 8 Program was enacted - certificate program

1989 HOPE VI Program

\$600 million in funding for “urban renewal” to replace distressed units and replace them with mixed-income housing

- ▶ Numerous prior built projects were in large multistory high rise buildings with numerous segregation issues
- ▶ New scattered site projects replaced high rise housing projects of the past

Section 8 - Housing Choice Voucher Program (HCV)

Section 8 of the Housing Act of 1937

Original wording: “The Authority may from time to time make, amend, and rescind such rules and regulations as maybe necessary to carry out the provisions of this Act.”

1965 Section 23 Program - certificates

1970 Studies on high percentage of income spent on housing

1974 Housing and Community Development Act of 1974

- Replaced Section 23 Certificate Program

- Amended 1937 Act to create the Section 8 Voucher Program

- merged existing certificates with new vouchers

- Provided housing assistance payment to private landlords agreeing to rent to low income households

- Household would pay a maximum of 30% of their adjusted income for rent

- Qualified tenant households are issued a portable voucher

1975 Ronald Reagan had new name changed to Housing Choice Voucher Program (HCV)

- ▶ Felt it was a better name for portable tenant based vouchers

Example of Voucher Document

Voucher Housing Choice Voucher Program		U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0169 (exp. 9/30/2012)
Public Reporting Burden for this collection of information is estimated to average 0.05 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.			
This collection of information is authorized under Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). The information is used to authorize a family to look for an eligible unit and specifies the size of the unit. The information also sets forth the family's obligations under the Housing Choice Voucher Program.			
Please read entire document before completing form Fill in all blanks below. Type or print clearly.		Voucher Number	
1. Insert unit size in number of bedrooms. (This is the number of bedrooms for which the Family qualifies, and is used in determining the amount of assistance to be paid on behalf of the Family to the owner.)		1. Unit Size <u>3</u>	
2. Date Voucher Issued (mm/dd/yyyy) Insert actual date the Voucher is issued to the Family.		2. Issue Date (mm/dd/yyyy)	
3. Date Voucher Expires (mm/dd/yyyy) Insert date sixty days after date Voucher is issued. (See section 6 of this form.)		3. Expiration Date (mm/dd/yyyy)	
4. Date Extension Expires (if applicable)(mm/dd/yyyy) (See Section 6. of this form)		4. Date Extension Expires (mm/dd/yyyy)	
5. Name of Family Representative <u>Tenant Name</u>	6. Signature of Family Representative	Date Signed (mm/dd/yyyy)	
7. Name of Public Housing Agency (PHA) <u>Leased Housing: 563 or less</u> <u>Total = \$1023</u>		<u>30% = \$345</u> <u>40% = \$460</u>	
8. Name and Title of PHA Official	9. Signature of PHA Official	Date Signed (mm/dd/yyyy)	
1. Housing Choice Voucher Program		B. The voucher does not give the family any right to	

Project Based Vouchers (PBV)

*These vouchers are specifically assigned to a housing unit or complex and stay with that unit or complex. They are not portable.

- ▶ PHA can assign up to twenty percent (20%) of their existing HCV vouchers to be PBVs with HUD approval.
- ▶ PBV can come directly from HUD as part of specialty voucher programs with HUD
- ▶ PHA can assign these vouchers to PHA itself or to nonprofits or developers to support new housing projects
 - PHA should follow procurement regulations for issuance of these PBV Vouchers
 - High demand for PBV for tax credit projects
 - Misunderstanding in availability and issuance of vouchers

Section 8 - variety of vouchers HUD has created over time

Congress periodically enacts and funds specialized “Boutique” programs

VASH - Veterans Affairs Supportive Housing Vouchers

- ▶ Collaborative program between HUD and VA that combines HUD housing vouchers with VA support services to help homeless veterans and their families find and sustain permanent housing

COC - Continuum of Care Rental Assistance Subsidy

- ▶ Provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problem with alcohol and/or drugs and acquired immunodeficiency syndrome (AIDS) (Rental assistance grants must be matched with supportive services)

FUP - Family Unification Program Vouchers

- ▶ Are provided to two different populations:
 1. Families for whom the lack of adequate housing is a primary factor in:
 - a) Imminent placement of the family’s child or children in out-of-home care, OR
 - b) The delay in the discharge of the child or children to the family from out-of-home care
 2. For a period not to exceed 36 months, otherwise eligible youth who have become at least 18 years of age and not more than 24 years of age and who have or are going to leave foster care.

EHV - Emergency Housing Vouchers

- ▶ Designed to allow PHAs to develop collaborative partnerships and strategies to address vulnerable populations in their communities (homeless, at-risk of homelessness, domestic violence, sexual assault, stalking or human trafficking).

SV - Stability Vouchers Program

- ▶ Similar to EHV's with four categories of eligibility criteria

*Boutique Section 8 programs have come and gone...but Congress has always renewed existing Section 8 subsidies. **Continued and consistent renewal of subsidies has huge significance in Lender Funding for new construction development and substantial rehabilitation projects.**

NOTE: State of California has in recent years created its own grant funding programs for homeless housing:

- No Place Like Home Program
- Turn Key Program

HOW FEDERALLY FUNDED HOUSING WORKS

Public Housing Program:

*PHA owned units

HUD provides

1. Operating subsidies (rental assistance and admin costs)
2. Capital funds annually (maintenance and repair)
3. Tenant pays 30% of adjusted net income

PHA signs Annual Contributions Contract (ACC)

HUD inspects:

1. Program housing units (REAC - Real Estate Assessment Center)
2. PHA Management units (PHAS - Public Housing Assessment System)
3. As of July 2023 - new inspection program is named: NSRIRE - National Standards for the Physical Inspection of Real Estate

Section 8 Voucher Programs:

- ▶ Private landlords rent out their available units to Section 8 tenant voucher holders
- ▶ PHA can also rent its own owned units (non Public Housing program units) to tenant voucher holders
- ▶ HUD provides rental subsidies for tenant voucher holders to cover the balance of rent to landlord

Agreements Involved

1. Lease between landlord and tenant holder
2. Three way agreement between landlord, tenant voucher holder and public housing authority
 - a. Landlord and tenant agree to abide by agreement as to housing quality standards (HQS) and tenant compliance with Section 8 program and tenant agrees to pay landlord the tenant portion of rent (30% of monthly adjusted income)
 - b. Housing Authority agrees to provide housing assistance payment (HAP) to landlord for the difference between tenant portion of rent and area rent reasonable amount
 - PHA performs periodic rent reasonable surveys
 - Rent reasonable amounts based on unit size and area median income (AMI) percentage

Landlord has right to evict tenant for nonpayment or for good cause and PHA is not at all involved

PHA has rights to terminate the tenant voucher holder from the voucher program directly for violation of program requirements (usually can occur after tenant has been evicted)

OTHER PUBLIC HOUSING AUTHORITY HOUSING PROGRAM (NON HUD)

PHAs statewide are also involved in a number of other housing programs.

A. Seasonal (6 to 7 months per year) migrant farmworker housing through California Office of Migrant Services (OMS)

B. Year round farmworker housing through U.S. Department of Agriculture Rural Development (USDA-RD) program

Old Public Housing Units Issues

CURRENT ISSUES

- \$70 Billion plus backlog of Public Housing Program Capital Needs for existing units throughout the United States
- Congress has continued to refuse to fully fund Capital Needs Deficit

CURRENT SOLUTIONS OFFERED BY HUD

1. HUD's solution is to reposition assets from old public housing to tax credit developments and other non public housing program units (Note: some "new" public housing units are being authorized as well)
2. HUD provides significant funds for PHAs who reposition their public housing units plus additional vouchers are provided by HUD
3. Section 18 Demolition/Disposition of units
4. RAD - Rental Assistance Demonstration - conversion of old Public Housing units through conversion into tax credit projects, rehabilitation or sale of old units
5. Most common approach currently - a blend of RAD and Section 8 conversions

California Public Housing Authorities (PHA)

California State Housing Authorities Law

- ▶ Enacted into law in 1951
- ▶ Combined with available federal funding for public housing offices and housing units. Numerous California public housing authorities were created and funded to build public housing units and complexes.

Expansion of Housing Act in 1954

- ▶ Occurred shortly before Brown vs. Board of Education Ruling on discrimination
- ▶ Segregation by race is unconstitutional
- ▶ However, President Eisenhower ends equal quality housing policy in 1954
- ▶ Segregated housing persisted during 1950 to 1970's and 1980's

Formation of Housing Authorities in California

FORMATION OF PHA

-Passage of City or County Resolution declaring either (a) Insanitary or unsafe inhabited dwelling accommodations exist in the city or county, or (b) that there is a shortage of safe or sanitary dwelling accommodations in such city or county available to persons of low income at rentals they can afford (California Health & Safety Code Section 34242)

-Passage of resolution has the effect of creating a new local government agency corporate and politic (Health & Safety Code Section 34240)

-An authority constitutes a local government public corporation exercising public and essential government functions (Health & Safety Code Section 34310)

GOVERNING BOARD OF COMMISSIONERS

-Initially the City Counsel or Board of Supervisors have the authority to remain as the Board of Commissioners or can appoint board member to commission.

-City/county function regarding an established public housing authority (PHA) is to appoint and/or remove members of the Board of Commissioners

-No other city/county involvement in operations of PHA beyond commissioners appointment or removal

-There are PHAs that are a department of a city or county

BOARD OF COMMISSIONERS

- Establishes policy and operational documents such as Bylaws, annual agency plans and five year plans;
- Appoints and oversees the Executive Director of the PHA;
- Executive Director is then in charge of all operations and hiring/firing of all agency staff;
- Commission generally comprised of five at large commissioners and two tenant commissioners, one from public housing and one from HCV program and one of those two must be 62 or older;
- Unpaid position but can be given per diem up to \$50 per day plus food and mileage;
- Generally four year terms of services;
- Board decides on selection of officers and Board Chair;
- Must follow California's Open Meeting Law (Brown Act California Government Code Sections 54960-54983);
- Must have a quorum to officially meet and conduct business (5 member boards: quorum = 3 members; 7 member boards: quorum = 4 members);
- Commissioner cannot have any direct or indirect interest in any housing project or property in any housing project (existing or planned) or involvement with any tenants or vendors/contractors for PHA
- Commissioners bound by ethics rules and conflict of interest rules

Powers of Housing Authority

Vested in Board of Commissioners

▶ All necessary to carry out purpose/business of PHA

Power to:

- ▶ Contract
- ▶ Sue/be sued
- ▶ Perpetual succession of PHA
- ▶ Make bylaws/rules
- ▶ Acquire, develop, own, lease land
- ▶ Issue bonds
- ▶ Provide financing
- ▶ Provide ancillary services to tenants/clients
- ▶ Own, operate and/or manage housing units in area of jurisdiction
- ▶ Operate federal and state housing programs in area of jurisdiction

CHALLENGES FACING CALIFORNIA PHAs

Current and Continuing Issues

1. Difficulty with budgeting;
2. Staffing issues;
3. Competing with private employers to hire employees;
4. Steep learning curve for new Executive Directors;
5. Housing crisis in California - increased pressures to “give away” vouchers and development of more housing;
6. Short staffing leads to small or no development staff;
7. Difficulty in hiring experienced staff

Public Housing Authority Involvement in Tax Credit Projects - Low Income Housing Tax Credit Program (LIHTC)

Tax Credit Award Process

- ▶ Highly competitive process
- ▶ Huge application must be submitted
- ▶ Applications reviewed and processed based on competitive scoring system financing
- ▶ Two types of tax credits can be applied for and awarded
- ▶ Federal Tax Credit awards (9% credits and 4% credits) are issued by the California Tax Credit Allocation Committee (CTCAC)
- ▶ California Tax Credit awards (4% credits) are issued by the California Debt Limit Allocation Committee (CDLAC)

4% credits...used to be over the counter...now competitive

Tax Credit in California

- ▶ 4% tax credits (30% subsidy)
 - used to either acquire and rehabilitate existing building and new construction financed by tax exempt bonds and federal subsidies
- ▶ 9% tax credit (70% subsidy) is usually for new construction and substantial rehabilitation without federal subsidies.
- ▶ Either type of tax credit can be claimed for up to ten (10) years
- ▶ Tax credit percentages are based on the eligible basis of a property's construction budget
 - non-depreciable parts (land, interest & insurance costs) are excluded
- ▶ To qualify for the LIHTC program, a **building** must reserve a certain number of units for low-income residents
 - must follow either of the two rules:
 1. 20/50 Rule
 2. 40/60 Rule

20/50 Rule requires that at least 20% of a property's units be rented to tenants who earn 50% or less of the area median income (AMI)

40/60 Rule requires that at least 40% of the property's units be rented to tenants who earn 60% or less of the area median income (AMI)

Tax Credit in California

- ▶ PHA involvement is usually through the commitment of Section 8 voucher units for the project - Project Based Vouchers (PBV) to a tax credit project applying for tax credits
 - makes financial model for application for tax credits much stronger
 - consistent flow of funds by HUD into voucher program
- ▶ PHA can also be involved through its locally created 501(c)(3) nonprofit
 - acting as general partner of the Limited Partnership formed for the tax credit project (tax credit equity investor (99.9% equity partner)) and general administrative partner(s) (.01% equity partner)

NOTE: TAX CREDIT STRUCTURE REQUIRES INVOLVEMENT OF A NONPROFIT ENTITY IN ORDER TO RECEIVE A PROPERTY TAX EXEMPTION FOR THE HOUSING UNITS THAT QUALIFY FOR TAX EXEMPTION (LOW INCOME UNITS)

- ▶ Virtually every tax credit developer wants/needs voucher units to make their proposed tax credit project financially feasible.

...More to come later on tax credit projects and housing authorities

Questions and Comments

College Manor Tax Credit Project



CalAHA & Stanislaus Regional Housing Authority - Tax Credit and Small Homes Projects



Glossary of Acronyms

ACC	Annual Contributions Contract
AMI	Area Median Income
CDLAC	California Debt Limit Allocation Committee
COC	Continuum of Care Rental Assistance Subsidy
CTCAC	California Tax Credit Allocation Committee
EHV	Emergency Housing Vouchers
FUP	Family Unification Program Vouchers
HAP	Housing Assistance Payment
HCV	Housing Choice Voucher Program
HQS	Housing Quality Standards
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low-Income Housing Tax Credit
OMS	Office of Migrant Services
PBV	Project Based Vouchers
PHA	Public Housing Authority
PH	Public Housing Program
RAD	Rental Assistance Demonstration
REAC	Real Estate Assessment Center
SV	Stability Vouchers Program
USDA-RD	USDA U.S. Department of Agriculture-Rural Development
VASH	Veterans Affairs Supportive Housing Vouchers